

**CITY OF NEW IBERIA
FINANCIAL REPORT
OCTOBER 31, 2012**

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Release Date **JUN 26 2013**

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

ANNUAL FINANCIAL REPORT
YEAR ENDED OCTOBER 31, 2012

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Iberia, as of and for the year ended October 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Iberia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented components units. Component unit financial statements audited by other auditors represent 34.10% and 82.94%, respectively, of the assets, program revenues and general revenues of the aggregate discretely presented component units. Two component units, New Iberia City Marshal and Iberia Home Mortgage Authority, are unaudited and represent 65.90% and 17.06%, respectively, of the assets, program revenues and general revenues of the aggregate discretely presented component units. An audit report has been furnished to us for the financial statements which were audited by other auditors, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting

the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Iberia, as of October 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2013, on our consideration of the City of New Iberia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 70 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Iberia's financial statements as a whole. The combining nonmajor governmental funds financial statements and statement of operating expenses - sewerage fund listed as other supplementary information in the table of contents and the schedule of compensation paid to trustees are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S.

Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining nonmajor governmental funds financial statements, statement of operating expenses - sewerage fund, schedule of compensation paid to trustees, schedule of expenditures of federal awards and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bransford, Peltier, Lewis & Brantley, LLP

Lafayette, Louisiana
April 24, 2013

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of New Iberia (the "City"), we offer readers of this financial statement an overview and analysis of the financial activities of the City. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the City's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements

HIGHLIGHTS

- Assets of the City's primary government exceeded its liabilities at the close of the most recent fiscal year by \$66.3 million (net assets). The City reported a deficit in unrestricted net assets of \$5.4 million
- The City's primary government net assets decreased by \$5.5 million (7.6%) during 2012. Governmental activities net assets decreased \$4.7 million during 2012 while the business-type activities net assets decreased \$0.8 million.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$12.7 million, a decrease of \$5.7 million in comparison with the prior year. Approximately 8.7% of this total amount, \$1.1 million, is unassigned.
- Resources available for appropriation in the General Fund were \$0.8 million less than budgeted while expenditures and transfers were \$1.8 million less than budgeted for the year.
- At October 31, 2012, unassigned fund balance for the General Fund was \$1.8 million or 34.0% of total 2012 General Fund fund balance

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, a government's presentation of financial statements has been greatly changed. The new statements focus on the City as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government), and should enhance the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-

wide financial statements is a column for the business-type activities of the City. Component units are separate legal governmental entities to which the City may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities in the fund financial statements.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused annual leave result in cash flows for future periods. The focus of the statement of activities is on both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost and/or subsidy of various governmental services and business-type activities and component units.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the City's basic services including general government (executive, legislative, judicial, finance, administrative services), public safety (fire and law enforcement), streets and drainage, culture and recreation, and urban redevelopment and housing. These services are financed primarily with taxes. The business-type activities reflect private sector type operations where the fee for service typically covers all or most of the cost of operations including depreciation. The City's wastewater treatment operations are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of New Iberia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus is on major funds, rather than generic fund types.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major funds presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

The City has presented the General Fund, the Sales Tax Fund, the Public Works Fund, and the Garbage Fund as major funds. All nonmajor governmental funds are presented

in one column, titled Other Governmental Funds. Combining financial statements of the nonmajor funds can be found in the other supplementary information section which follows the basic financial statements.

Proprietary Fund represents an enterprise fund in the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its wastewater treatment operations.

Fiduciary Funds are used to account for resources held by the City in a trustee capacity or as an agent for others. These funds are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not presented as part of the government-wide financial statements.

The total column for the governmental funds in the fund financial statements requires reconciliation to those amounts presented in the government-wide statements. The governmental funds differences result from the different measurement focus and the reconciliation is presented on the pages following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the government-wide statements. There is no reconciliation for the proprietary fund.

Capital Assets

General capital assets include land, land improvements, buildings, vehicles, equipment, and infrastructure, and all other assets of a tangible nature that are used in operations and that exceed the City's capitalization threshold (See Note 5). The City has capitalized all purchased and donated capital assets and infrastructure general capital assets. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time in the 2003 financial statements based on the date of acquisition and the life span of the asset.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, the budgetary comparison schedules. These schedules can be found in this report.

The other supplementary information section referred to earlier in connection with the nonmajor funds is presented immediately following the required supplementary information.

Also included in the report is the Office of Management and Budget A-133 Single Audit auditor reports, findings and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed statement of net assets for 2012, with comparative figures from 2011:

Table 1
 City of New Iberia
 Condensed Statement of Net Assets
 October 31, 2012 and 2011
 (in millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Current and other assets	\$ 20.7	\$ 22.0	\$ 0.8	\$ 1.0	\$ 21.5	\$ 23.0
Restricted assets	0.0	0.0	0.3	0.3	0.3	0.3
Capital assets	<u>45.9</u>	<u>45.4</u>	<u>49.4</u>	<u>49.7</u>	<u>95.3</u>	<u>95.1</u>
Total assets	<u>\$ 66.6</u>	<u>\$ 67.4</u>	<u>\$ 50.5</u>	<u>\$ 51.0</u>	<u>\$ 117.1</u>	<u>\$ 118.4</u>
Liabilities:						
Current liabilities	\$ 8.4	\$ 4.0	\$ 2.6	\$ 1.9	\$ 11.0	\$ 5.9
Long-term liabilities	<u>33.3</u>	<u>33.8</u>	<u>6.5</u>	<u>6.9</u>	<u>39.8</u>	<u>40.7</u>
Total liabilities	<u>\$ 41.7</u>	<u>\$ 37.8</u>	<u>\$ 9.1</u>	<u>\$ 8.8</u>	<u>\$ 50.8</u>	<u>\$ 46.6</u>
Net assets:						
Invested in capital assets, net of debt	\$ 20.0	\$ 20.0	\$ 42.7	\$ 42.6	\$ 62.7	\$ 62.6
Restricted	8.8	9.9	0.2	0.3	9.0	10.2
Unrestricted	<u>(3.9)</u>	<u>(0.3)</u>	<u>(1.5)</u>	<u>(0.7)</u>	<u>(5.4)</u>	<u>(1.0)</u>
Total net assets	<u>\$ 24.9</u>	<u>\$ 29.6</u>	<u>\$ 41.4</u>	<u>\$ 42.2</u>	<u>\$ 66.3</u>	<u>\$ 71.8</u>

The City's combined net assets at year end total \$66.3 million. Approximately 94.6% (\$62.7 million) of the City's net assets as of October 31, 2012 reflects the City's investment in capital assets (land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 13.6% (\$9.0 million) of the City's net assets are subject to external restrictions on how they may be used. The City reported a deficit in unrestricted net assets of \$5.4 million.

Table 2 below provides a summary of the changes in net assets for the year ended October 31, 2012, with comparative figures from 2011:

Table 2
City of New Iberia
Condensed Statement of Changes in Net Assets
For the Years Ended October 31, 2012 and 2011
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues -						
Fees, fines, and charges for services	\$ 0.5	\$ 0.8	\$ 4.4	\$ 4.0	\$ 4.9	\$ 4.8
Operating grants and contributions	1.5	2.1	0.0	0.0	1.5	2.1
Capital grants and contributions	2.0	1.0	1.1	0.2	3.1	1.2
General revenues -						
Property taxes	4.1	4.1	0.0	0.0	4.1	4.1
Sales and use taxes	14.6	13.9	0.0	0.0	14.6	13.9
Franchise fees	1.7	1.4	0.0	0.0	1.7	1.4
Occupational Grants and contributions not restricted to specific programs	1.4	1.9	0.0	0.0	1.4	1.9
Other	0.2	0.1	0.0	0.0	0.2	0.1
Total revenues	<u>\$ 26.3</u>	<u>\$ 25.8</u>	<u>\$ 5.6</u>	<u>\$ 4.3</u>	<u>\$ 31.9</u>	<u>\$ 30.1</u>
Expenses:						
General government	\$ 4.7	\$ 4.1	\$ 0.0	\$ 0.0	\$ 4.7	\$ 4.1
Public safety	11.7	11.6	0.0	0.0	11.7	11.6
Public works	8.1	7.2	0.0	0.0	8.1	7.2
Culture and recreation	2.1	2.3	0.0	0.0	2.1	2.3
Urban redevelopment and housing	1.4	1.4	0.0	0.0	1.4	1.4
Unallocated depreciation	1.9	1.9	0.0	0.0	1.9	1.9
Wastewater	0.0	0.0	6.2	6.0	6.2	6.0
Interest on long-term debt	1.3	1.8	0.0	0.0	1.3	1.8
Total expenses	<u>\$ 31.2</u>	<u>\$ 30.3</u>	<u>\$ 6.2</u>	<u>\$ 6.0</u>	<u>\$ 37.4</u>	<u>\$ 36.3</u>
Decrease in net assets before transfers	\$ (4.9)	\$ (4.5)	\$ (0.6)	\$ (1.7)	\$ (5.5)	\$ (6.2)
Transfers	<u>0.2</u>	<u>(1.2)</u>	<u>(0.2)</u>	<u>1.2</u>	<u>0.0</u>	<u>0.0</u>
Change in net assets	\$ (4.7)	\$ (5.7)	\$ (0.8)	\$ (0.5)	\$ (5.5)	\$ (6.2)
Net assets, November 1, as restated	<u>29.6</u>	<u>35.3</u>	<u>42.2</u>	<u>42.7</u>	<u>71.8</u>	<u>78.0</u>
Net assets, October 31	<u>\$ 24.9</u>	<u>\$ 29.6</u>	<u>\$ 41.4</u>	<u>\$ 42.2</u>	<u>\$ 66.3</u>	<u>\$ 71.8</u>

The City's total revenues were \$31.9 million and the total cost of all programs and services was \$37.4 million. Therefore, net assets decreased by \$5.5 million for the year. Our analysis below separately describes the operations of governmental and business-type activities.

Governmental Activities net assets decreased \$4.7 in 2012. The cost of all governmental activities this year was \$31.2 million. As shown in the statement of activities, the amount that our taxpayers financed was \$22.3 million because some of the cost was paid by those who directly benefited from the programs (\$0.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.5 million). Program revenues only covered 12.8% of total costs. The remainder was paid with taxes and other revenues, such as investment income, unrestricted grants and contributions.

The City's largest activities in governmental activities are public safety and public works, with \$11.7 and \$8.1 million, respectively, of resources applied thereto. Following those are general government and culture and recreation.

Business Type Activities net assets decreased \$0.8 in 2012. Charges for services make up 78.6% of the revenues in the business-type activities. There were no changes in rates and fees during 2012.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Spendable resources are further classified into restricted, committed, assigned, and unassigned. This balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$12.7 million, a decrease of \$5.7 million in comparison with the prior year. Approximately 8.7% of this total amount (\$1.1 million) constitutes unassigned fund balance, 85.0% (\$10.8 million) is restricted and 6.3% (\$0.8 million) is assigned.

The General Fund is the chief operating fund of the City of New Iberia. At the end of the fiscal year, total fund balance of the General Fund was \$5.2 million, \$1.8 million of which was unassigned. Fund balance in the General Fund decreased by \$2.5 million during 2012.

Proprietary Fund: The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the City's proprietary fund reported ending net assets of \$41.4 million, which is a decrease of \$0.8 million from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no significant differences between the original adopted and final

amended budget amounts of the City's General Fund

When actual results for 2012 are compared with the final budget, revenue collections, including transfers, expenditures and transfers were less than the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business type activities as of October 31, 2012 amounts to \$95.3 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, wastewater facilities, and infrastructure. The net increase in the City's investment in capital assets for the current fiscal year was 0.2%, a 1.1% increase for governmental activities and a 0.6% decrease for business-type activities.

Table 3
CITY OF NEW IBERIA
Capital Assets
(Net of Depreciation)
October 31, 2012 and 2011
(in millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 3.3	\$ 3.3	\$ 1.4	\$ 1.4	\$ 4.7	\$ 4.7
Land improvements	0.9	0.9	0.0	0.0	0.9	0.9
Buildings and improvements	5.0	5.0	0.4	0.0	5.4	5.0
Equipment	2.5	2.8	0.4	0.5	2.9	3.3
Infrastructure	32.0	32.7	0.0	0.0	32.0	32.7
Sewer plant and equipment	0.0	0.0	45.9	46.4	45.9	46.4
Construction in process	<u>2.2</u>	<u>0.7</u>	<u>1.3</u>	<u>1.4</u>	<u>3.5</u>	<u>2.1</u>
Total	<u>\$ 45.9</u>	<u>\$ 45.4</u>	<u>\$ 49.4</u>	<u>\$ 49.7</u>	<u>\$ 95.3</u>	<u>\$ 95.1</u>

Additional information on the City's capital assets can be found in Note 5 of this report

Long-Term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding of \$36.2 million. Of this amount, \$36.1 million comprises debt backed by the full faith and credit of the City and \$0.1 million comprises debt resulting from the mergers into the Louisiana Firefighters' Retirement System

Table 4
CITY OF NEW IBERIA
Summary of Outstanding Debt at Year-End
October 31, 2012 and 2011
(in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 13.1	\$ 14.0	\$ 0.0	\$ 0.0	\$ 13.1	\$ 14.0
Certificates of indebtedness	2.2	2.5	0.0	0.0	2.2	2.5
Notes and loans payable	13.9	14.7	6.4	6.7	20.3	21.4
Issue premiums	0.8	0.9	0.4	0.4	1.2	1.3
Loss on refundings	(0.5)	(0.6)	(0.1)	(0.1)	(0.6)	(0.7)
Compensated absences	0.6	0.6	0.1	0.1	0.7	0.7
OPEB obligation	<u>5.3</u>	<u>3.8</u>	<u>0.0</u>	<u>0.0</u>	<u>5.3</u>	<u>3.8</u>
Total	<u>\$ 35.4</u>	<u>\$ 35.9</u>	<u>\$ 6.8</u>	<u>\$ 7.1</u>	<u>\$ 42.2</u>	<u>\$ 42.1</u>

The City of New Iberia's total debt decreased during the year by \$0.1 million. No new debt was issued during the current year. Total scheduled principal payments were \$2.4 during the year.

As of October 31, 2012, City bonds are rated by Moody's Investors Service as Aaa.

Computation of the legal debt margin for general obligation bonds is as follows:

Ad Valorem Taxes.

Assessed Valuation	<u>\$187,429,129</u>
Debt Limit. 10% of Assessed Valuation (for any one purpose)	<u>\$ 18,742,913</u>
Debt Limit: 35% of Assessed Valuation (aggregate, all purposes)	<u>\$ 65,600,195</u>

The Louisiana Revised Statutes limit the City's bonded debt for any one purpose to 10% of the assessed valuation of the taxable property and 35% for all purposes. The City of New Iberia has complied with this statute for the fiscal year ended October 31, 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when preparing the fiscal year 2013 budget:

- Property and sales and use taxes were projected to remain at the same level as the 2012 projections
- Annual cost of living salary increases were not included in the 2013 budget. No additional funding was budgeted for any health insurance increases.
- Expenditures were reduced significantly in certain funds in an effort to balance fund budgets with reduced revenues. Likewise, certain funds had no available fund balances to cover deficits.

If budget estimates are met, the City's budgetary General Fund fund balance is

expected to decrease by \$1 million by the close of 2013.

As for business-type activities, revenue and expenses are projected to remain basically the same.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of New Iberia's finances and to demonstrate accountability for monies received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of New Iberia, 457 E. Main Street, Suite 300, New Iberia, Louisiana 70560.

BASIC FINANCIAL STATEMENTS

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CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS
October 31, 2012

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash	\$ 10,608,499	\$ 100	\$ 10,608,599	\$ 237,169
Certificates of deposit	5,688,141	291,162	5,979,303	-
Accounts receivable	296,880	87,022	383,902	3,080
Assessments receivable	333,000	-	333,000	-
Due from other governmental agencies	2,842,743	191,135	3,033,878	-
Due from external parties	-	-	-	22,558
Real estate held for resale	61,343	-	61,343	-
Other assets	1,984	-	1,984	-
Deferred debits	827,481	199,345	1,026,826	-
Restricted assets	-	309,930	309,930	-
Capital assets				
Non-depreciable	5,468,959	2,698,534	8,167,493	-
Depreciable, net	40,410,553	46,736,797	87,147,350	5,858
Total assets	\$ 66,539,583	\$ 50,514,025	\$117,053,608	\$ 268,665
LIABILITIES AND NET ASSETS				
Liabilities				
Overdraft	\$ 3,415,638	\$ 1,661,826	\$ 5,077,464	\$ -
Accounts and other payables	2,125,595	508,584	2,634,179	3,458
Retainage payable	197,529	87,646	285,175	-
Due to other governmental agencies	12,899	-	12,899	-
Deferred revenue	469,902	-	469,902	-
Other liabilities	79,467	-	79,467	-
Long-term liabilities -				
Portion due or payable within one year				
Bonded debt	1,984,732	350,000	2,334,732	-
Accrued compensated absences	59,211	15,104	74,315	-
Portion due or payable after one year				
Bonded debt	27,479,381	6,337,401	33,816,782	-
Accrued compensated absences	532,896	135,940	668,836	-
OPEB obligation	5,318,557	-	5,318,557	-
Total liabilities	\$ 41,675,807	\$ 9,096,501	\$ 50,772,308	\$ 3,458
Net assets				
Invested in capital assets, net of related debt	\$ 20,035,752	\$ 42,747,930	62,783,682	\$ 5,858
Restricted for -				
Capital projects	3,971,405	-	3,971,405	-
Debt service	(318,451)	175,080	(143,371)	-
Other	5,160,748	-	5,160,748	-
Unrestricted	(3,985,678)	(1,505,486)	(5,491,164)	259,349
Total net assets	\$ 24,863,776	\$ 41,417,524	\$ 66,281,300	\$ 265,207
Total liabilities and net assets	\$ 66,539,583	\$ 50,514,025	\$117,053,608	\$ 268,665

See Notes to Basic Financial Statements

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2012

Function/Program	Expenses	Fees, Fines and Charges for Services	Program Operating Grants and Contributions
Primary government			
Governmental activities -			
General government	\$ 4,654,935	\$ 39,021	\$ 76,239
Public safety	11,676,993	160,356	54,739
Public works	8,125,096	32,350	103,039
Culture and recreation	2,107,489	290,157	9,273
Urban redevelopment and housing	1,434,006	-	1,296,960
Unallocated depreciation	1,853,199	-	-
Interest on long-term debt	1,315,907	-	-
Total governmental activities	<u>\$ 31,167,625</u>	<u>\$ 521,884</u>	<u>\$ 1,540,250</u>
Business-type activities -			
Wastewater	<u>6,187,469</u>	<u>4,363,600</u>	<u>1,995</u>
Total primary government	<u>\$ 37,355,094</u>	<u>\$ 4,885,484</u>	<u>\$ 1,542,245</u>
Component units			
City Court	\$ 604,966	\$ 381,687	\$ -
City Marshal	142,601	52,416	-
Iberia Home Mortgage Authority	<u>10</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 747,577</u>	<u>\$ 434,103</u>	<u>\$ -</u>

General revenues
 Taxes -
 Property
 Sales and use
 Franchise fees
 Occupational
 Grants and contributions not
 restricted to specific purposes
 Investment income
 Miscellaneous
 Gain on sale of capital assets
 Transfers
 Total general revenues and transfers

Change in net assets

Net assets, beginning, as restated

Net assets, ending

See Notes to Basic Financial Statements

Revenues	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Units
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (4,539,675)	\$ -	\$ (4,539,675)	\$ -
-	(11,461,898)	-	(11,461,898)	-
1,970,007	(6,019,700)	-	(6,019,700)	-
-	(1,808,059)	-	(1,808,059)	-
-	(137,046)	-	(137,046)	-
-	(1,853,199)	-	(1,853,199)	-
-	(1,315,907)	-	(1,315,907)	-
<u>\$ 1,970,007</u>	<u>\$ (27,135,484)</u>	<u>\$ -</u>	<u>\$ (27,135,484)</u>	<u>\$ -</u>
1,107,055	-	(714,819)	(714,819)	-
<u>\$ 3,077,062</u>	<u>\$ (27,135,484)</u>	<u>\$ (714,819)</u>	<u>\$ (27,850,303)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ (223,279)
-	-	-	-	(90,185)
-	-	-	-	(10)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (313,474)</u>
	\$ 4,054,269	\$ -	\$ 4,054,269	\$ -
	14,639,556	-	14,639,556	-
	1,725,357	-	1,725,357	-
	1,396,240	-	1,396,240	-
	-	-	-	-
	160,200	45,366	205,566	566
	305,570	20,757	326,327	262,994
	5,031	1,885	6,916	-
	171,396	(171,396)	-	-
	<u>\$ 22,457,619</u>	<u>\$ (103,388)</u>	<u>\$ 22,354,231</u>	<u>\$ 263,560</u>
	\$ (4,677,865)	\$ (818,207)	\$ (5,496,072)	\$ (49,914)
	<u>29,541,641</u>	<u>42,235,731</u>	<u>71,777,372</u>	<u>315,121</u>
	<u>\$ 24,863,776</u>	<u>\$ 41,417,524</u>	<u>\$ 66,281,300</u>	<u>\$ 265,207</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
October 31, 2012

ASSETS	<u>General</u>	<u>Sales Tax</u>
Cash	\$ 1,977,663	\$ -
Certificates of deposit	3,766,905	1,363,327
Accounts receivable	292,561	-
Assessments receivable	-	-
Due from other funds	280	-
Due from other governmental agencies	164,119	783,725
Other assets	1,984	-
Real estate held for resale	61,343	-
	<hr/>	<hr/>
Total assets	<u>\$ 6,264,855</u>	<u>\$ 2,147,052</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Overdraft	\$ -	\$ 1,839,508
Accounts and other payables	844,459	-
Retainage payable	2,750	-
Due to other funds	55,273	-
Due to other governmental agencies	-	-
Deferred revenue	36,902	-
Other liabilities	79,467	-
	<hr/>	<hr/>
Total liabilities	<u>\$ 1,018,851</u>	<u>\$ 1,839,508</u>
Fund balances:		
Restricted for -		
Firemen salary and benefit increases	\$ 3,455,771	\$ -
Use in accordance with tax ordinances	-	307,544
Construction of capital assets	-	-
Purpose of grantors, trustees and donors	-	-
Debt service	-	-
Drainage	-	-
Assigned to -		
Disaster relief	-	-
Unassigned	1,790,233	-
	<hr/>	<hr/>
Total fund balances	<u>\$ 5,246,004</u>	<u>\$ 307,544</u>
Total liabilities and fund balances	<u>\$ 6,264,855</u>	<u>\$ 2,147,052</u>

See Notes to Basic Financial Statements.

Public Works	Garbage	Other Governmental Funds	Total Governmental Funds
\$ 86,177	\$ -	\$ 8,544,659	\$ 10,608,499
-	-	557,909	5,688,141
-	-	4,319	296,880
-	-	333,000	333,000
10,110	-	45,163	55,553
100,727	313,490	297,234	1,659,295
-	-	-	1,984
-	-	-	61,343
<u>\$ 197,014</u>	<u>\$ 313,490</u>	<u>\$ 9,782,284</u>	<u>\$ 18,704,695</u>
\$ -	\$ 685,273	\$ 890,857	\$ 3,415,638
138,640	318,503	442,550	1,744,152
-	-	194,779	197,529
-	-	280	55,553
-	-	12,899	12,899
-	-	433,000	469,902
-	-	-	79,467
<u>\$ 138,640</u>	<u>\$ 1,003,776</u>	<u>\$ 1,974,365</u>	<u>\$ 5,975,140</u>
\$ -	\$ -	\$ -	\$ 3,455,771
58,374	-	6,864	372,782
-	-	4,563,452	4,563,452
-	-	166,261	166,261
-	-	52,342	52,342
-	-	2,243,342	2,243,342
-	-	775,658	775,658
-	(690,286)	-	1,099,947
<u>\$ 58,374</u>	<u>\$ (690,286)</u>	<u>\$ 7,807,919</u>	<u>\$ 12,729,555</u>
<u>\$ 197,014</u>	<u>\$ 313,490</u>	<u>\$ 9,782,284</u>	<u>\$ 18,704,695</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
October 31, 2012

Total fund balances - governmental funds		\$ 12,729,555
Total net assets reported for governmental activities in the statement of net assets is different because		
Because some revenues are not considered measurable at year-end, they are not considered "available" revenues in the governmental funds.		
Sales taxes		1,172,798
Bond issue costs which are reported as expenditures in the year incurred in the governmental funds are deferred and amortized in the statement of activities.		
Bond issue costs, net		827,481
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets, net		45,879,512
Long-term liabilities are not due and payable in the current period and are therefore not reported in the governmental funds.		
Accrued interest payable	\$ (370,793)	
Bonds and certificates payable, net	(29,464,113)	
Accrued compensated absences payable	(592,107)	
Other post employment benefits payable	(5,318,557)	(35,745,570)
Net assets of governmental activities		<u>\$ 24,863,776</u>

See Notes to Basic Financial Statements

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CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended October 31, 2012

	<u>General</u>	<u>Sales Tax</u>
Revenues:		
Taxes -		
Ad valorem	\$ 1,084,534	\$ -
Sales and use	1,826,436	9,132,180
Franchise	1,725,357	-
Licenses	1,396,240	-
Permits	160,356	-
Intergovernmental -		
Federal	24,958	-
State	6,065	-
State shared	72,939	-
Charges for services	33,476	-
Fines and forfeitures	5,545	-
Investment income	19,279	7,313
Miscellaneous	85,395	-
	<u>\$ 6,440,580</u>	<u>\$ 9,139,493</u>
Expenditures:		
Current -		
General government	\$ 2,846,844	\$ 69,806
Public safety	11,401,577	-
Public works	-	-
Culture and recreation	75,972	-
Urban redevelopment and housing	-	-
Debt service	-	-
Capital outlay	82,725	-
	<u>\$ 14,407,118</u>	<u>\$ 69,806</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,966,538)</u>	<u>\$ 9,069,687</u>
Other financing sources (uses):		
Transfers from other funds	\$ 8,802,210	\$ -
Transfers to other funds	(3,320,919)	(8,981,682)
Proceeds from sale of assets	-	-
	<u>\$ 5,481,291</u>	<u>\$ (8,981,682)</u>
Net change in fund balances	\$ (2,485,247)	\$ 88,005
Fund balances, beginning	7,731,251	219,539
Fund balances, ending	<u>\$ 5,246,004</u>	<u>\$ 307,544</u>

See Notes to Basic Financial Statements

Public Works	Garbage	Other Governmental Funds	Total Governmental Funds
\$ 543,198	\$ -	\$ 2,426,537	\$ 4,054,269
-	3,652,872	-	14,611,488
-	-	-	1,725,357
-	-	-	1,396,240
-	-	-	160,356
177,799	-	2,182,617	2,385,374
15,000	-	5,868	26,933
-	-	1,025,011	1,097,950
32,350	-	290,157	355,983
-	-	-	5,545
-	673	22,360	49,625
4,730	45,000	60,093	195,218
<u>\$ 773,077</u>	<u>\$ 3,698,545</u>	<u>\$ 6,012,643</u>	<u>\$ 26,064,338</u>
\$ -	\$ 27,908	\$ 42,269	\$ 2,986,827
-	-	-	11,401,577
2,864,493	3,929,110	985,825	7,779,428
-	-	1,857,594	1,933,566
-	-	1,430,993	1,430,993
-	-	3,265,231	3,265,231
237,384	-	2,939,012	3,259,121
<u>\$ 3,101,877</u>	<u>\$ 3,957,018</u>	<u>\$ 10,520,924</u>	<u>\$ 32,056,743</u>
<u>\$ (2,328,800)</u>	<u>\$ (258,473)</u>	<u>\$ (4,508,281)</u>	<u>\$ (5,992,405)</u>
\$ 2,376,424	\$ -	\$ 2,134,773	\$ 13,313,407
-	-	(745,719)	(13,048,320)
10,750	-	-	10,750
<u>\$ 2,387,174</u>	<u>\$ -</u>	<u>\$ 1,389,054</u>	<u>\$ 275,837</u>
\$ 58,374	\$ (258,473)	\$ (3,119,227)	\$ (5,716,568)
-	(431,813)	10,927,146	18,446,123
<u>\$ 58,374</u>	<u>\$ (690,286)</u>	<u>\$ 7,807,919</u>	<u>\$ 12,729,555</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2012

Net change in fund balances - total governmental funds \$ (5,716,568)

The change in net assets reported for governmental activities in the statement of activities is different because

Because some revenues are not considered measurable at year-end, they are not considered "available" revenues in the governmental funds

Sales taxes		29,023
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Capital outlay	\$ 3,112,988	
Depreciation	<u>(2,631,867)</u>	481,121

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond issue costs amortized	\$ (92,533)	
Bond premium amortized	110,575	
Loss on refunding amortized	<u>(77,820)</u>	(59,778)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds

Decrease in accrued interest payable	\$ 71,691	
Increase in compensated absences payable	(11,083)	
Increase in OPEB obligation	<u>(1,520,257)</u>	(1,459,649)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net activities.

Principal payments		<u>2,047,986</u>
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Change in net assets of governmental activities		<u>\$ (4,677,865)</u>
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See Notes to Basic Financial Statements

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CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
October 31, 2012

ASSETS	<u>Sewerage Fund</u>
Current assets	
Cash	\$ 100
Certificate of deposit	291,162
Accounts receivable	87,022
Due from other governmental agencies	<u>191,135</u>
Total current assets	<u>\$ 569,419</u>
Restricted assets	
Restricted cash	<u>\$ 309,930</u>
Capital assets:	
Land	\$ 1,437,748
Buildings and improvements, net	374,569
Equipment, net	402,241
Sewer plant, net	45,959,987
Construction in process	<u>1,260,786</u>
Total capital assets	<u>\$ 49,435,331</u>
DEFERRED DEBITS	
Bond issue costs, net	<u>\$ 199,345</u>
Total assets	<u>\$ 50,514,025</u>

See Notes to Basic Financial Statements

LIABILITIES AND NET ASSETS	<u>Sewerage Fund</u>
Liabilities:	
Current liabilities (payable from current assets) -	
Overdraft	\$ 1,661,826
Accounts and other payables	373,734
Retainage payable	87,646
Accrued compensated absences	15,104
Total	<u>\$ 2,138,310</u>
Current liabilities (payable from restricted assets) -	
Accrued liabilities	\$ 134,850
Bonds payable	350,000
Total	<u>\$ 484,850</u>
Total current liabilities	<u>\$ 2,623,160</u>
Noncurrent liabilities -	
Accrued compensated absences	\$ 135,940
Bonds payable	6,337,401
Total noncurrent liabilities	<u>\$ 6,473,341</u>
Total liabilities	<u>\$ 9,096,501</u>
Net assets	
Invested in capital assets, net of related debt	\$ 42,747,930
Restricted for debt service	175,080
Unrestricted	<u>(1,505,486)</u>
Total net assets	<u>\$ 41,417,524</u>
Total liabilities and net assets	<u>\$ 50,514,025</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
For the Year Ended October 31, 2012

	<u>Sewerage Fund</u>
Operating revenues:	
Charges for services -	
Customers	\$ 3,585,189
Parish Government under cooperative agreement	<u>778,411</u>
Total operating revenues	<u>\$ 4,363,600</u>
Operating expenses:	
Cost of services rendered	\$ 3,456,459
Depreciation	<u>2,426,218</u>
Total operating expenses	<u>\$ 5,882,677</u>
Operating loss	<u>\$ (1,519,077)</u>
Nonoperating revenues (expenses):	
Grant revenues	\$ 362,483
Investment income	45,366
Interest expense	(304,792)
Other, net	<u>22,642</u>
Total nonoperating revenues (expenses), net	<u>\$ 125,699</u>
Loss before contributions and transfers	\$ (1,393,378)
Capital contributions	746,567
Transfers in	4,104
Transfers out	<u>(175,500)</u>
Change in net assets	\$ (818,207)
Net assets, beginning, as restated	<u>42,235,731</u>
Net assets, ending	<u><u>\$ 41,417,524</u></u>

See Notes to Basic Financial Statements

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CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
For the Year Ended October 31, 2012

	Sewerage Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,701,722
Receipts under cooperative agreement	721,813
Payments to suppliers for goods and services	(1,509,862)
Payments to employees and for employee related costs	(1,726,493)
Net cash provided by operating activities	\$ 1,187,180
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase in overdraft	\$ 442,279
Transfers in	4,104
Transfers out	(175,500)
Net cash provided by noncapital financing activities	\$ 270,883
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and construction of capital assets	\$ (1,389,470)
Principal paid on bonds	(345,000)
Interest paid on bonds	(308,242)
Grant revenues	528,529
Other, net	9,491
Net cash used in capital financing activities	\$ (1,504,692)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ 45,594
Net decrease in cash	\$ (1,035)
Balance, beginning of the year	311,065
Balance, end of the year	\$ 310,030

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
For the Year Ended October 31, 2012

	Sewerage Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,519,077)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,426,218
Change in assets and liabilities -	
Accounts receivable	116,533
Due from other governmental agencies	(56,598)
Accounts payable and accrued liabilities	220,104
Net cash provided by operating activities	\$ 1,187,180
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital assets contributed	\$ 746,567
Cash shown on statement of net assets as:	
Current assets	\$ 100
Restricted assets	309,930
	\$ 310,030

See Notes to Basic Financial Statements.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
October 31, 2012

ASSETS	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash	\$ 1,020,960	\$ 168,295
Certificates of deposit	<u>163,861</u>	<u>-</u>
Total assets	<u>\$ 1,184,821</u>	<u>\$ 168,295</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ -	\$ 14,989
Due to other funds	-	22,559
Held for others pending court action	<u>-</u>	<u>130,747</u>
Total liabilities	<u>\$ -</u>	<u>\$ 168,295</u>
Net assets:		
Held in trust for pension benefits	<u>\$ 1,184,821</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 1,184,821</u>	<u>\$ 168,295</u>

See Notes to Basic Financial Statements.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended October 31, 2012

	<u>Pension Trust Funds</u>
Additions:	
Fire insurance rebate	\$ 103,225
Investment income	1,276
Other	<u>16,661</u>
Total additions	<u>\$ 121,162</u>
Deductions:	
Benefit payments	\$ 16,661
Other	<u>110,352</u>
Total deductions	<u>\$ 127,013</u>
Change in net assets	\$ (5,851)
Net assets, beginning	<u>1,190,672</u>
Net assets, ending	<u><u>\$ 1,184,821</u></u>

See Notes to Basic Financial Statements

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
October 31, 2012

ASSETS	City Court of New Iberia	New Iberia City Marshal (Unaudited)	Iberia Home Mortgage Authority (Unaudited)	Total
Cash	\$ 63,199	\$ 78,429	\$ 95,541	\$ 237,169
Accounts receivable	-	3,080	-	3,080
Due from external parties	22,558	-	-	22,558
Capital assets, net	<u>5,858</u>	<u>-</u>	<u>-</u>	<u>5,858</u>
 Total assets	 <u>\$ 91,615</u>	 <u>\$ 81,509</u>	 <u>\$ 95,541</u>	 <u>\$ 268,665</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts and other payables	<u>\$ 3,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,458</u>
Net assets.				
Invested in capital assets, net of related debt	\$ 5,858	\$ -	\$ -	\$ 5,858
Unrestricted	<u>82,299</u>	<u>81,509</u>	<u>95,541</u>	<u>259,349</u>
 Total net assets	 <u>\$ 88,157</u>	 <u>\$ 81,509</u>	 <u>\$ 95,541</u>	 <u>\$ 265,207</u>
 Total liabilities and net assets	 <u>\$ 91,615</u>	 <u>\$ 81,509</u>	 <u>\$ 95,541</u>	 <u>\$ 268,665</u>

See Notes to Basic Financial Statements.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF ACTIVITIES
ALL DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended October 31, 2012

	City Court of New Iberia	New Iberia City Marshal (Unaudited)	Iberia Home Mortgage Authority (Unaudited)	Total
Expenses	\$ 604,966	\$ 142,601	\$ 10	\$ 747,577
Program revenues				
Fees and fines	376,308	52,416	-	428,724
Bonds forfeited	5,379	-	-	5,379
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net program (expenses) revenue	\$ (223,279)	\$ (90,185)	\$ (10)	\$ (313,474)
General revenues:				
Intergovernmental	\$ 148,116	\$ 66,014	\$ -	\$ 214,130
Investment income	-	-	566	566
Miscellaneous	48,864	-	-	48,864
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general revenues	\$ 196,980	\$ 66,014	\$ 566	\$ 263,560
Change in net assets	\$ (26,299)	\$ (24,171)	\$ 556	\$ (49,914)
Net assets, beginning, as restated	<u>114,456</u>	<u>105,680</u>	<u>94,985</u>	<u>315,121</u>
Net assets, ending	<u>\$ 88,157</u>	<u>\$ 81,509</u>	<u>\$ 95,541</u>	<u>\$ 265,207</u>

See Notes to Basic Financial Statements.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of New Iberia (the "City") are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

The City operates under a home rule charter. The charter provides for the Mayor-City Council form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The City owns and operates one enterprise activity, a sewerage fund which provides sewerage services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (City Council or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.

NOTES TO BASIC FINANCIAL STATEMENTS

4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit

Based on the above criteria, the following are component units of the City

City Court of New Iberia - The day-to-day operations of the City Court are funded through the City of New Iberia. In addition, the activities of the Court are primarily for City residents. The City has responsibility for funding any deficits of the Court. The City Court's fiscal year end is June 30.

New Iberia City Marshal - The day-to-day operations of the City Marshal are funded through the City of New Iberia. In addition, the activities of the Marshal are primarily for City residents. The City has responsibility for funding any deficits of the City Marshal. The City Marshal's fiscal year end is June 30.

Iberia Home Mortgage Authority - The Authority was formed as a public trust on January 16, 1979 pursuant to Chapter 2-A of Title 9 of the Louisiana revised statutes. The beneficiary of the trust is the City of New Iberia. The Authority was created to provide financing to low and moderate income families within the Parish of Iberia. The governing body is comprised of a ten member Board of Trustees consisting of the Mayor of City of New Iberia. The City has responsibility for funding any deficits of the Authority and approves its operating budget. The Authority's fiscal year end is March 31.

Complete financial statements of the above component units can be obtained at the office of the Legislative Auditor of the State of Louisiana, 1600 North 3rd, Baton Rouge, Louisiana 70802

Basis of presentation

The City's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component units and the fund financial statements (individual major fund and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government and the total for its component units. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between

NOTES TO BASIC FINANCIAL STATEMENTS

the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The primary government is reported separately from the legally separate component units as detailed in the previous section.

In the government-wide statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The City does not allocate indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating

NOTES TO BASIC FINANCIAL STATEMENTS

revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Sales Tax Fund - This fund accounts for the receipts and disbursements of proceeds from the City's 1.25% sales and use tax levies. These taxes are dedicated as described in Note 8.

Public Works Fund - This fund accounts for the receipts and disbursements of proceeds from the City's 2.89 mills street bridge and ad valorem tax

Garbage Fund - This fund accounts for the receipt and use of proceeds of two of the City's .25% sales and use tax levies. These taxes are dedicated as described in Note 8.

The City reports the following major enterprise fund:

Sewerage Fund - This fund is used to account for the monies collected from sewer user fees and the operations of the sewer plants.

In addition, the City reports the following:

Pension Trust Funds - These funds account for the accumulation of resources to be used for police and fire retirement annuity payments at appropriate amounts and times in the future. The funds do not account for the administrative costs of the systems, which are borne by the General Fund.

Agency Funds - These funds account for assets held by the City to cover estimated court costs in connection with criminal and civil suits.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Basis of accounting.

Government-wide, proprietary and fiduciary fund financial statements -

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Cash and cash equivalents:

Cash includes amounts in interest-bearing demand, savings and money market deposits, as well as cash on hand. The cash balances of the majority of the City's funds are pooled by the City. For purposes of statements of cash flows, highly liquid investments (including restricted assets) with an original maturity of three months or less are considered to be cash equivalents. The City has no cash equivalents at October 31, 2012.

NOTES TO BASIC FINANCIAL STATEMENTS

Investments.

State statutes authorize the City to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

In accordance with GASB Statement No. 31, investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

Custodial credit risk:

Deposits -

The City is exposed to custodial credit risk as it relates to their deposits with financial institutions. The City's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the City's name. Accordingly, the City had no custodial credit risk related to its deposits at October 31, 2012.

Investments -

The City's policy is to require investments, if any, to be held in the City's name. At October 31, 2012, the City did not have any investments.

Receivables

All trade receivables are considered collectible and accordingly there is no allowance for doubtful accounts at October 31, 2012

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Bond discounts/issuance costs:

In governmental funds, bond discounts and issuance costs are recognized in the current period. In proprietary funds (and for governmental funds, in the government-wide statements), bond discount and issuance

NOTES TO BASIC FINANCIAL STATEMENTS

costs are deferred and amortized over the terms of the bonds to which such discounts and costs apply

Restricted assets:

Certain resources of the City are classified as restricted assets on the balance sheet because their use is limited by debt restrictions.

Fixed assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to November 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	20 - 30
Buildings and improvements	10 - 40
Equipment	5 - 15
Infrastructure	20 - 50
Sewer plant	5 - 35

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements

NOTES TO BASIC FINANCIAL STATEMENTS

Interest on debt issued to finance construction of the wastewater treatment plant has been capitalized as a part of the cost of such projects. Fixed assets of the Sewerage Fund include capitalized interest totaling \$3,379,805.

Compensated absences:

Employees of the City earn annual leave in amounts ranging from eight hours per month to 16 hours per month, depending upon length of service. At the end of each year, employees may carry forward annual leave earned but not taken with the maximum allowable carryover of unused annual leave being equal to five days. Unused annual leave in excess of what can be carried forward is credited to the employee's sick leave balance. Unused annual leave is paid to an employee upon retirement or resignation at hourly rates being earned by that employee upon separation.

Effective April 1, 1997, sick leave is credited to all classified employees at the rate of 12 hours per month. All unused sick leave is carried forward from year to year. Employees separated due to retirement or death are paid for all accumulated sick leave earned between January 1, 1991 and December 31, 1994 at the hourly rates being earned by the employee at that time.

Compensatory leave is earned at a rate of one and one-half hours for each hour of overtime worked. The maximum accumulation of compensatory leave is 120 hours. It may be carried forward from year to year. Upon termination, unused compensatory leave is paid up to 120 hours.

Police and firemen earn vacation and sick leave in accordance with state law. Policemen have the option of accumulating compensatory leave or receiving payment for any overtime hours worked. Firemen are paid for any overtime hours worked.

In the government-wide and proprietary fund statements, the City accrues accumulated unpaid annual, sick, and compensatory leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS

The long-term debt consists primarily of bonds payable, certificates of indebtedness, notes payable, claims payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net assets reports \$5,160,748 of other restricted net assets of which \$4,994,487 is restricted by enabling legislation.

Fund financial statements -

Beginning with fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

NOTES TO BASIC FINANCIAL STATEMENTS

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO BASIC FINANCIAL STATEMENTS

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The City is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The City recorded no impairment losses during the year ended October 31, 2012.

Note 2. Interfund Balances

Interfund balances at October 31, 2012 consist of the following:

	Receivable	Payable
General Fund	\$ 280	\$ 55,273
Public Works Fund	10,110	-
Other Governmental Funds	45,163	280
Totals	\$ 55,553	\$ 55,553

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 3. Interfund Transfers

Interfund transfers for the year ended October 31, 2012 consist of the following:

	Transfers In	Transfers Out
General Fund	\$ 8,802,210	\$ 3,320,919
Sales Tax Fund	-	8,981,682
Public Works Fund	2,376,424	-
Other Governmental Funds	2,134,773	745,719
Sewerage Fund	4,104	175,500
Pension Trust Funds	16,661	110,352
Totals	\$13,334,172	\$13,334,172

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund required, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4. Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at October 31, 2012:

Fund financial statements:

Governmental Funds -

Iberia Parish School Board:

Sales and use taxes collected but not remitted \$1,253,960

State of Louisiana:

Federal pass-through grant funds 381,295

State grant funds 17,298

Local 6,742

\$1,659,295

Proprietary Funds -

Iberia Parish Government:

Reimbursement for joint operations \$ 163,625

State of Louisiana:

State grant funds 27,510

\$ 191,135

Government-wide financial statements:

Total amount reported in -

Governmental Funds, from above \$1,659,295

Proprietary Funds, from above 191,135

Additional sales and use taxes due from

Iberia Parish School Board 1,183,448

\$3,033,878

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation

Capital asset activity for the year ended October 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 3,274,295	\$ -	\$ -	\$ 3,274,295
Construction in process	<u>660,754</u>	<u>2,970,817</u>	<u>(1,436,907)</u>	<u>2,194,664</u>
Total capital assets not being depreciated	<u>\$ 3,935,049</u>	<u>\$ 2,970,817</u>	<u>\$ (1,436,907)</u>	<u>\$ 5,468,959</u>
Capital assets being depreciated -				
Land improvements	\$ 1,574,259	\$ -	\$ -	\$ 1,574,259
Buildings and improvements	8,371,098	207,115	-	8,578,213
Equipment	8,354,857	263,920	(147,832)	8,470,945
Infrastructure	<u>78,407,674</u>	<u>1,113,762</u>	<u>-</u>	<u>79,521,436</u>
Total capital assets being depreciated	<u>\$ 96,707,888</u>	<u>\$ 1,584,797</u>	<u>\$ (147,832)</u>	<u>\$ 98,144,853</u>
Less accumulated depreciation for:				
Land improvements	\$ (637,966)	\$ (59,858)	\$ -	\$ (697,824)
Buildings and improvements	(3,366,821)	(241,428)	-	(3,608,249)
Equipment	(5,620,267)	(477,382)	142,113	(5,955,536)
Infrastructure	<u>(45,619,492)</u>	<u>(1,853,199)</u>	<u>-</u>	<u>(47,472,691)</u>
Total accumulated depreciation	<u>\$ (55,244,546)</u>	<u>\$ (2,631,867)</u>	<u>\$ 142,113</u>	<u>\$ (57,734,300)</u>
Total capital assets being depreciated, net	<u>\$ 41,463,342</u>	<u>\$ (1,047,070)</u>	<u>\$ (5,719)</u>	<u>\$ 40,410,553</u>
Governmental activities capital assets, net	<u>\$ 45,398,391</u>	<u>\$ 1,923,747</u>	<u>\$ (1,442,626)</u>	<u>\$ 45,879,512</u>

(continued)

NOTES TO BASIC FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 1,437,748	\$ -	\$ -	\$ 1,437,748
Construction in process	<u>1,393,370</u>	<u>1,341,410</u>	<u>(1,473,994)</u>	<u>1,260,786</u>
Total capital assets not being depreciated	<u>\$ 2,831,118</u>	<u>\$ 1,341,410</u>	<u>\$ (1,473,994)</u>	<u>\$ 2,698,534</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 28,455	\$ 362,383	\$ -	\$ 390,838
Equipment	1,712,437	15,530	(45,991)	1,681,976
Sewer plant	<u>60,941,261</u>	<u>1,890,708</u>	<u>-</u>	<u>62,831,969</u>
Total capital assets being depreciated	<u>\$ 62,682,153</u>	<u>\$ 2,268,621</u>	<u>\$ (45,991)</u>	<u>\$ 64,904,783</u>
Less accumulated depreciation for				
Buildings and improvements	\$ (12,012)	\$ (4,257)	\$ -	\$ (16,269)
Equipment	(1,234,482)	(91,244)	45,991	(1,279,735)
Sewer plant	<u>(14,541,265)</u>	<u>(2,330,717)</u>	<u>-</u>	<u>(16,871,982)</u>
Total accumulated depreciation	<u>\$ (15,787,759)</u>	<u>\$ (2,426,218)</u>	<u>\$ 45,991</u>	<u>\$ (18,167,986)</u>
Total capital assets being depreciated, net	<u>\$ 46,894,394</u>	<u>\$ (157,597)</u>	<u>\$ -</u>	<u>\$ 46,736,797</u>
Business-type capital assets, net	<u>\$ 49,725,512</u>	<u>\$ 1,183,813</u>	<u>\$ (1,473,994)</u>	<u>\$ 49,435,331</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Depreciation was charged to activities as follows:

Governmental activities:	
General government	\$ 145,940
Public safety	245,576
Public works	228,964
Culture and recreation	156,642
Urban redevelopment and housing	1,546
Infrastructure depreciation is unallocated	<u>1,853,199</u>
Total governmental activities depreciation expense	<u>\$ 2,631,867</u>
Business-type activities:	
Wastewater	<u>\$ 2,426,218</u>

Note 6. Long-Term Debt

Governmental Activities

The City issues general obligation bonds and certificates of indebtedness to provide funds for the acquisition, construction or improvement of major capital facilities. General obligation bonds have also been issued to refund other general obligation bonds. These bonds are direct obligations and pledge the full faith and credit of the City.

The City has also issued notes payable to fund firefighters' retirement.

In addition, the City has borrowed proceeds from revenue bonds issued by the Louisiana Local Government Environmental Facilities and Community Development Authority to finance the costs of the acquisition, rehabilitation, improvement and expansion of roads within the limits of the City, and to refund public improvement bonds. These bonds are to be repaid from lawfully available funds.

Business-Type Activities

The City has borrowed proceeds from revenue bonds issued by the Louisiana Local Government Environmental Facilities and Community Development Authority to refund revenue bonds.

NOTES TO BASIC FINANCIAL STATEMENTS

Long-term debt outstanding at October 31, 2012 is as follows:

	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Balance</u> <u>Outstanding</u>
Governmental activities:				
General obligation and general obligation refunding bonds -				
Series 2003	2003	2025	3 80% - 4 80%	\$ 3,635,000
Series 2010	2010	2026	2 00% - 4.50%	<u>9,455,000</u>
				<u>\$13,090,000</u>
Certificates of indebtedness -				
Street certificates	2005	2020	4 10%	\$ 1,895,000
Paving certificates	2007	2017	4.375%	292,500
Sewerage certificates	2007	2017	4 40%	<u>40,500</u>
				<u>\$ 2,228,000</u>
Notes payable -				
Firefighters' retirement	1994	2013	7 00%	<u>\$ 103,132</u>
Loan payable -				
LLGEFCDA Revenue Bonds,				
Series 2009	2009	2035	2 00% - 4 00%	\$ 7,590,000
LLGEFCDA Revenue Refunding				
Bonds, Series 2010A	2010	2020	2 00% - 4.00%	2,330,000
LLGEFCDA Revenue Bonds,				
Series 2010C	2010	2036	2.00% - 5 00%	<u>3,880,000</u>
				<u>\$13,800,000</u>
Add unamortized issue premium				<u>\$ 751,744</u>
Less unamortized loss on refunding				<u>\$ (508,763)</u>
Total bond indebtedness				<u>\$29,464,113</u>
Other liabilities -				
Accrued compensated absences				\$ 592,107
Other post-employment benefits				<u>5,318,557</u>
				<u>\$ 5,910,664</u>
Total governmental activity debt				<u>\$35,374,777</u>

(continued)

NOTES TO BASIC FINANCIAL STATEMENTS

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Business-type activities:				
LLGEFCDA Revenue Refunding				
Bonds, Series 2010B	2010	2026	2.00% - 5.00%	\$ 6,375,000
Add unamortized issue premium				383,305
Less unamortized loss on refunding				<u>(70,904)</u>
Total bond indebtedness				<u>\$ 6,687,401</u>
Other liabilities -				
Accrued compensated absences				<u>\$ 151,044</u>
 Total business-type activity debt				 <u>\$ 6,838,445</u>

The annual debt service requirements to maturity of all bonds and certificates outstanding at October 31, 2012 follows

	<u>General Obligation Bonds</u>			<u>Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 810,000	\$ 526,120	\$ 1,336,120	\$ 1,155,000	\$ 798,260	\$ 1,953,260
2014	840,000	499,730	1,339,730	1,195,000	765,985	1,960,985
2015	870,000	472,305	1,342,305	1,235,000	729,760	1,964,760
2016	905,000	440,335	1,345,335	1,270,000	689,810	1,959,810
2017	945,000	403,450	1,348,450	850,000	652,085	1,502,085
2018 - 2022	5,425,000	1,361,224	6,786,224	4,460,000	2,761,050	7,221,050
2023 - 2027	3,295,000	204,873	3,499,873	4,685,000	1,744,400	6,429,400
2028 - 2032	-	-	-	2,955,000	939,520	3,894,520
2033 - 2036	-	-	-	<u>2,370,000</u>	<u>227,550</u>	<u>2,597,550</u>
	<u>\$13,090,000</u>	<u>\$ 3,908,037</u>	<u>\$16,998,037</u>	<u>\$20,175,000</u>	<u>\$ 9,308,420</u>	<u>\$29,483,420</u>
	<u>Certificates of Indebtedness</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 266,600	\$ 92,274	\$ 358,874	\$ 103,132	\$ 7,219	\$ 110,351
2014	276,600	81,159	357,759	-	-	-
2015	286,600	69,632	356,232	-	-	-
2016	296,600	57,697	354,297	-	-	-
2017	306,600	45,350	351,950	-	-	-
2018 - 2022	795,000	66,420	861,420	-	-	-
2023 - 2027	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-
2033 - 2036	-	-	-	-	-	-
	<u>\$ 2,228,000</u>	<u>\$ 412,532</u>	<u>\$ 2,640,532</u>	<u>\$ 103,132</u>	<u>\$ 7,219</u>	<u>\$ 110,351</u>

NOTES TO BASIC FINANCIAL STATEMENTS

	Total		
	Principal	Interest	Total
2013	\$ 2,334,732	\$ 1,423,873	\$ 3,758,605
2014	2,311,600	1,346,874	3,658,474
2015	2,391,600	1,271,697	3,663,297
2016	2,471,600	1,187,842	3,659,442
2017	2,101,600	1,100,885	3,202,485
2018 - 2022	10,680,000	4,188,694	14,868,694
2023 - 2027	7,980,000	1,949,273	9,929,273
2028 - 2032	2,955,000	939,520	3,894,520
2033 - 2036	<u>2,370,000</u>	<u>227,550</u>	<u>2,597,550</u>
	<u>\$35,596,132</u>	<u>\$13,636,208</u>	<u>\$49,232,340</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended October 31, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
General obligation bonds	\$13,975,000	\$ -	\$ 885,000	\$13,090,000
Certificates of indebtedness	2,484,600	-	256,600	2,228,000
Notes payable	199,518	-	96,386	103,132
Loans payable	14,610,000	-	810,000	13,800,000
Accrued compensated absences	581,024	11,083	-	592,107
Other post-employment benefits	<u>3,798,300</u>	<u>1,520,257</u>	<u>-</u>	<u>5,318,557</u>
	<u>\$35,648,442</u>	<u>\$ 1,531,340</u>	<u>\$ 2,047,986</u>	<u>\$35,131,796</u>
Business-type activities:				
Loans payable	\$ 6,720,000	\$ -	\$ 345,000	\$ 6,375,000
Accrued compensated absences	<u>151,330</u>	<u>-</u>	<u>286</u>	<u>151,044</u>
	<u>\$ 6,871,330</u>	<u>\$ -</u>	<u>\$ 345,286</u>	<u>\$ 6,526,044</u>

Total interest costs incurred and charged to expenditures/expense during the year ended October 31, 2012 was \$1,522,037. Of this amount, \$1,217,245 was recognized in the governmental fund financial statements while \$304,792 was recognized in the proprietary fund financial statements.

Compensated absences and claims liabilities typically have been liquidated by the General Fund and a few other governmental funds.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7. Ad Valorem Taxes

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. During the current fiscal year, taxes were levied by the City and were billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year billed.

The taxes are based on assessed values determined by the Tax Assessor of Iberia Parish and are collected by the City.

For the year ended October 31, 2012, taxes were levied on property with assessed valuations totaling \$187,429,129 and were dedicated as follows:

General corporate purposes	5.77 mills
Parks and recreation	2.48 mills
Streets and bridges	2.89 mills
Debt service	10.43 mills

Total taxes levied during 2012, exclusive of homestead exemptions, were \$4,054,269. Taxes receivable at October 31, 2012 totaled \$-0-.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8. Sales and Use Taxes

The City is authorized by voters of the City to levy and collect 2.00% sales and use tax within the City. The City has an intergovernmental agreement with the Iberia Parish School Board for the collection of sales taxes. The sales tax ordinances dedicate the proceeds for the following purposes:

<u>Rate</u>	<u>Dedication</u>
1.00%	Support and maintenance of the police and fire departments, the construction and improvement of streets, bridges or sewerage and for any work of permanent public improvement, including the cost of construction and improving sewers and sewage disposal works, in the City.
0.25%	Operating, maintaining and improving the City's garbage and waste collection and disposal facilities and purchasing and acquiring the land and equipment necessary in connection with the operation of said facilities. This tax is in lieu of a monthly charge for residential garbage and waste collection and disposal.
0.25%	Supplement the cost of salaries of City employees, including employee benefits.
0.25%	Supplement other sales tax revenues of the City to pay the cost of solid waste collection and disposal, including the cost of the City's recycling program. The remaining proceeds of the tax to be expended for the purpose of paying the cost of the salaries of City employees, including the payment of employee benefits.
0.25%	Supplement the cost of salary and benefit increases for firemen.

NOTES TO BASIC FINANCIAL STATEMENTS

Note 9. Employee Retirement Systems

The City has several pension plans covering substantially all of its employees, as follows:

- ◆ Municipal Employees' Retirement System of Louisiana
- ◆ State of Louisiana - Municipal Police Employees' Retirement System
- ◆ State of Louisiana - Firefighters' Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for policemen and firemen which are covered under the Municipal Police Employees' Retirement System and Firefighters' Retirement System, respectively. Pertinent information relative to each plan follows:

Municipal Employees' Retirement System of Louisiana.

Plan description:

The Municipal Employees' Retirement System of Louisiana (the "System") is a cost-sharing multiple-employer public employee retirement system as established and provided for by R.S 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week, not participating in another public funded retirement system and under age 60 at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate was 16.75% until July 1, 2012, at which time

NOTES TO BASIC FINANCIAL STATEMENTS

it increased to 17.00%. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended October 31, 2012, 2011 and 2010 were \$671,525, \$585,444 and \$563,169, respectively, which equal the required contributions for each year.

State of Louisiana - Municipal Police Employees' Retirement System

Plan description:

The Municipal Police Employees' Retirement System (the "System") is a cost-sharing multiple-employer public employee retirement system.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 55 with at least 12 years of credited service, at or after age 50 with at least 20 years of credited service, or at any age with at least 25 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produces the highest average. The System also provides disability and survivor benefits. Benefits are established by state statute.

The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601.

Funding policy:

Plan members are required to contribute 10.00% of their annual covered salary and the City is required to contribute at a rate established by state statute. The rate was 26.50% until July 1, 2012, at which time it increased to 31%. The City's contributions to the System for the years ending October 31, 2012, 2011 and 2010 were \$15,201, \$13,749 and \$8,087, respectively, which equal the required contributions for each year.

State of Louisiana - Firefighters' Retirement System

Plan description:

The Firefighters' Retirement System (the "System") is a cost-sharing multiple-employer public employee retirement system, as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes.

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not

NOTES TO BASIC FINANCIAL STATEMENTS

participating in another public funded retirement system and under age 50 at date of employment. Employees who retire at or after age 50 with at least 20 years of credited service, at or after age 55 with at least 12 years of credited service, or at any age with 25 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produces the highest average. The System also provides disability and survivor benefits. Benefits are established by state statute.

The Firefighters' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighters' Retirement System, P O. Box 94095 Capitol Station, Baton Rouge, Louisiana 70804-9095.

Funding policy:

Plan members are required to contribute 10.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate was 23.25% until July 1, 2012 at which time it increased to 24.00%. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ending October 31, 2012, 2011 and 2010 were \$595,489, \$561,860 and \$415,583, respectively, which equal the required contributions for each year.

Louisiana State Employees' Retirement System (LASERS)

Plan description:

For employees of the City Court, the City contributes to the Louisiana State Employees' Retirement System, a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. Members of the System may retire at age 70 without regard to the number of years of creditable service as a judge, at age 65 with 10 years of creditable service as a judge, at age 55 with 12 years of creditable service as a judge, or at age 50 with 20 years of creditable service (at least 12 years of which were as a judge). In addition, any person who has accumulated a total of 18 years of creditable service as a judge can retire without regard to age. When a member has earned benefits equal to one hundred percent of his average compensation, no further contribution is required by the member. The City, however, must continue to pay to the System the employer's contribution. The System also provides disability and survivor benefits. Benefits are established by State statute.

LASERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804

NOTES TO BASIC FINANCIAL STATEMENTS

Funding policy:

Plan members are required to contribute 11.50% of their annual covered salary to the plan and the City is required to contribute at an actuarially determined rate. The City contributed 31.80% through June 30, 2012. Beginning July 1, 2012, the contribution rate increased to 34.80%. The contribution requirements of plan members and the City are established by statute. The City's contribution to LASERS for the years ended October 31, 2012, 2011 and 2010 were \$12,816, \$10,345 and \$7,411, respectively, equal to the required contribution each year.

Note 10. Contingent Liabilities

The City owns and operates treatment works known as the Admiral Doyle Wastewater Treatment Plant located in the City that treats and discharges domestic and commercial sewage from the City and adjacent unincorporated areas and the Tete Bayou Wastewater Treatment Plant that serves citizens of the City and Iberia Parish under NPEDS permits. The United States of America on behalf of the EPA has filed a complaint seeking injunctive relief and civil penalties pursuant to Section 309 of the Clean Water Act, 33 U.S.C. subsection 1319(e), naming as defendant the City of New Iberia pursuant to Section 309(e) of the Clean Water Act, 33 U.S.C. subsection 1319(e). The State of Louisiana on behalf of the LDEQ has joined the complaint against the City for its alleged violations of the Clean Water Act, and the Louisiana Environmental Quality Act, LSA-R.S. 30:2001, et seq. The complaint alleges that the City has violated Section 301 of the Clean Water Act, 33 U.S.C. subsection 1311 and conditions established in its NPEDS permits. The parties to the complaint have negotiated and have reached settlement of the issues raised in the complaint and entered into a consent decree to resolve the claims alleged in the complaint. The City has undertaken and continues to undertake remedial measures as specified in the consent decree and has paid civil penalties in previous years. While the City is making efforts to resolve violations and comply with the consent decree, civil penalties can be assessed if the City does not comply. The City has not accrued additional penalties as of October 31, 2012.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representative. The City's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial statements.

The City is a defendant in various lawsuits. According to legal counsel for the City, there is adequate insurance on all cases where monetary damages are sought, and in those cases where there is an excess liability question or no coverage, the City would be adequately protected by the sovereign immunity clause of the Louisiana Constitution.

The City is subject to certain legal proceedings which have arisen in the ordinary course of its operations. In the opinion of management, after

NOTES TO BASIC FINANCIAL STATEMENTS

consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial condition of the City.

Note 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to cover any claims related to these risks.

However, the City is self-insured for worker's compensation claims that were incurred prior to November 1, 1999.

The City accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting.

Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claims paid are recorded as expenditures/expenses against the General Fund insurance appropriation. No claims were paid during the fiscal year. Long-term obligations that are not expected to be liquidated with expendable available resources are not reported in the fund financial statements. Such amounts, if any, are reported in the government-wide statements in accordance with the accrual basis of accounting.

During the 2009 fiscal year, the City settled its only two open claims and the unpaid claims liability was reduced to zero. No additional claims were made during the current fiscal year; thus, no unpaid claims liability is recorded.

Unpaid claims liabilities, when recorded, are the City's best estimate based on available information.

Note 12. Sewerage Fund

Public Improvement and General Obligation Bonds were issued to construct and/or improve the sewer system. These bonds are payable from sales and ad valorem taxes. During the 2011 fiscal year, the City issued general obligation refunding bonds payable from ad valorem taxes, and LLGEFCDA revenue refunding bonds, payable from lawfully available funds, to refund a portion of these outstanding General Obligation Bonds and all of the Public Improvement Bonds, respectively.

The total debt outstanding at October 31, 2012 that was issued to construct and/or improve the sewer system or refund such debt and is reflected as a liability of the governmental activities was \$15,420,000.

NOTES TO BASIC FINANCIAL STATEMENTS

If these were sewer revenue bonds, the liability would be reflected as a liability of the business-type activities. In addition, the assets constructed with these bond proceeds are properly reflected in the Sewerage Fund with an equal amount recorded as capital contributions.

The debt payments for the year ended October 31, 2012 related to these bonds are reflected in the Debt Service Fund

All operating revenues and expenses related to the Sewerage Fund are properly reflected in that fund.

Note 13. Postemployment Benefits Other Than Pensions

Plan description:

The City sponsors a Retiree Healthcare Plan (single-employer defined benefit Other Postemployment Benefit (OPEB) plan) through which it extends medical benefits to qualifying employees upon actual retirement.

A covered employee becomes eligible for participation on his date of hire. A covered employee is an employee of the City, an employee of a New Iberia City Court, or an elected official of the City

A covered employee may retire upon attainment of the earliest retirement age provided by the respective retirement plan under which the employee participates, as follows:

Louisiana Municipal Employees Retirement System: The earliest of (i) 25 years of service, or (ii) age 60 and 10 years of service.

Louisiana Municipal Police Retirement System: The earliest of (i) 25 years of service, (ii) age 50 and 20 years of service, or (iii) age 55 and 12 years of service.

Louisiana Firefighters Retirement System: The earliest of (i) 25 years of service, (ii) age 50 and 20 years of service, or (iii) age 55 and 12 years of service.

Louisiana State Employees Retirement System: If hired before July 1, 2006, the earliest of (i) 30 years of service, (ii) age 55 and 25 years of service, or (iii) age 60 and 10 years of service. If hired on or after July 1, 2006, attainment of age 60 and 10 years of service

In addition to the above, an employee must have been in continuous covered employment for the immediate 10 years prior to retirement and participated in the healthcare plan for the immediate two years prior to retirement. There are other provisions for approved disability retirement and elected officials. Complete plan provisions are included in the official plan documents.

NOTES TO BASIC FINANCIAL STATEMENTS

Contribution rates:

Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents

Fund policy:

Until fiscal year 2009, the City recognized the cost of providing postemployment medical benefits (City's portion or retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the postemployment benefits on a pay-as-you-go basis.

Effective with the fiscal year beginning November 1, 2008, the City implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for the postemployment benefits liability at the date of transition. The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. In fiscal year 2012, the City's portion of health care funding cost for retired employees totaled \$297,485. This amount was applied toward the net OPEB Benefit Obligation as shown in the table on the next page.

Annual required contribution:

The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the normal cost plus the amortization of the unfunded actuarial accrued liability. An open, level dollar method amortization period of 30 years (the maximum amortization period allowed by GASB 45) has been used for the postemployment benefits. The total ARC for the fiscal year beginning November 1, 2011 is \$1,800,954 as set forth below:

Normal cost	\$ 661,441
30-year UAL amortization amount	<u>1,139,513</u>
Annual required contribution	<u>\$1,800,954</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Net postemployment benefit obligation:

The table below shows the City's net OPEB obligation for the fiscal year ending October 31, 2012.

a. Beginning net OPEB obligation at November 1, 2011	<u>\$3,798,300</u>
b. Annual required contribution (ARC)	\$1,800,954
c. Interest on net OPEB obligation (a. X 4%)	151,932
d. ARC amortization adjustment	<u>135,144</u>
e OPEB cost (b. + c. - d.)	\$1,817,742
f. Employer contribution (current year retiree premium)	<u>297,485</u>
g. Change in net OPEB obligation (e. - f.)	<u>\$1,520,257</u>
Ending net OPEB obligation at October 31, 2012 (a. + g.)	<u>\$5,318,557</u>

The City's annual OPEB cost was \$1,817,742, \$1,759,287, and \$1,568,045 for the years ended October 31, 2012, 2011, and 2010, respectively. The percentage of annual cost contributed and the net unfunded OPEB obligation is 16.37% and \$5,318,557 for the year ended October 31, 2012, 16.93% and \$3,798,300 for the year ended October 31, 2011, and 18.45% and \$2,336,915 for the year ended October 31, 2010.

Funding status and funding progress:

The City made no contributions to its postemployment benefits plan during the year ending October 31, 2012. The plan was not funded, has no assets, and hence has a funded ratio of zero. As of November 1, 2011, the Actuarial Accrued Liability (AAL) was \$19,350,432, which is defined as that portion, as determined by a particular actuarial cost method, (the City uses the Projected Unit Credit Actuarial Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2009 through 2012, the entire AAL of \$19,350,432 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,728,439 and the ratio of the unfunded AAL to the covered payroll was 287.59%

Actuarial methods and assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for the postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate, (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future

NOTES TO BASIC FINANCIAL STATEMENTS

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for the financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial cost method:

The ARC is determined using the Projected Unit Credit Actuarial Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions including the investment rate of return assumption (discount rate), mortality, and turnover.

Actuarial value of plan assets.

There are no plan assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be utilized.

Turnover rate.

The following annual rates of withdrawal were used:

<u>Age</u>	<u>Rate</u>
25	5.27%
30	4.83%
35	4.47%
40	3.84%
45	3.21%
50	1.52%
55	0.33%
60	none

Investment return assumption (discount rate):

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. The rate is derived from the anticipated long-term return on liquid

NOTES TO BASIC FINANCIAL STATEMENTS

assets used to finance the plan on a pay-as-you-go basis

Health care cost trend rate.

The expected rate of increase in medical cost assumes an initial rate of 8% and an annual decline of .50% and an ultimate rate of 4.50% which is consistent with projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services.

Mortality rate:

The Combined Annuity and Nonannuity mortality tables applicable for the year of the measurement date based on RP2000 Annuity and Nonannuity Mortality Tables for males and females which have been projected by using the Society of Actuaries Table AA, and methods pursuant to IRS Regulation 1.430(h)(3)-1 were used.

Method of determining value of benefits.

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the medical insurance for elected officials and covered employees that retired with at least 20 years of service, 50% for covered employees with at least 10 years of service but less than 20 years, and 25% for covered employees approved for disability retirement with at least five years of service but less than 10 years. GASB 45 mandates that "unblended" rates be used. "Age-related" "unblended" rates were used in the actuarial valuation.

Note 14. Compensation Paid to City Council Members

Calvin Begnaud	\$ 11,400
Frederick Decourt	13,200
Peggy Gerac	11,400
David Merrill	11,400
O'Neal Jones	11,400
Therese Segura	11,400
Robert Suire	<u>11,400</u>
	<u>\$ 81,600</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Note 15. Prior Period Adjustment

During the current year, it was determined that \$957,121 of fixed assets for business-type activities were previously recorded in governmental activities. As a result, an adjustment was recorded to transfer these fixed assets from governmental activities to business-type activities. Accordingly, assets and net assets were reduced in governmental activities and assets and net assets were increased in business-type activities. The adjustment to net assets follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net assets, October 31, 2011, as previously reported	\$ 30,498,762	\$ 41,278,610
Prior period adjustment	<u>(957,121)</u>	<u>957,121</u>
Net assets, October 31, 2011, as restated	<u>\$ 29,541,641</u>	<u>\$ 42,235,731</u>

Note 15. Subsequent Event Review

On April 2, 2013, the City Council approved an ordinance increasing the sewer user charges by 30% for residential and commercial users of the City's sewer system.

On April 16, 2013, the City Council approved an ordinance providing for the issuance of \$3,530,000 of General Obligation Refunding Bonds, Series 2013.

Note 16. New Accounting Pronouncements

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Under this standard, the financial statements will include deferred inflows and outflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. This statement must be implemented by the City for the year ending October 31, 2013.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". Under this standard, certain items that were previously reported as assets and liabilities will be reclassified as deferred inflows and outflows of resources. This statement also changes the determination of major fund calculations and limits the use of the term deferred in financial statement presentations. This statement must be implemented by the City for the year ending October 31, 2014.

NOTES TO BASIC FINANCIAL STATEMENTS

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25" This statement requires defined pension plans to present two financial statements - a statement of fiduciary net position and a statement of changes in fiduciary net position Descriptive information regarding is the plan is also required. The net pension liability is required to be measured as the total pension liability less the amount of the pension plan's fiduciary net position. This statement must be implemented by the City for the year ending October 31, 2014.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27". This statement's objective is to improve accounting and financial reporting for pensions by state and local governments. The statement establishes standards for measuring and recognizing liabilities, expenses/expenditures and deferred inflows and outflows of resources. This statement must be implemented by the City for the year ending October 31, 2015.

The effect of implementation of the above referenced statements on the City's financial statements has not yet been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended October 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Ad valorem	\$ 1,096,000	\$ 1,096,000	\$ 1,084,534	\$ (11,466)
Sales and use	1,657,000	1,657,000	1,826,436	169,436
Franchise	1,800,000	1,800,000	1,725,357	(74,643)
Licenses	1,385,000	1,385,000	1,396,240	11,240
Permits	233,000	147,400	160,356	12,956
Intergovernmental -				
Federal	110,700	296,873	24,958	(271,915)
State	4,500	4,500	6,065	1,565
State shared	132,000	77,137	72,939	(4,198)
Charges for services	36,000	36,000	33,476	(2,524)
Fines and forfeitures	103,360	53,360	5,545	(47,815)
Investment income	58,300	18,766	19,279	513
Miscellaneous	61,710	61,710	85,395	23,685
Total revenues	\$ 6,677,570	\$ 6,633,746	\$ 6,440,580	\$ (193,166)
Expenditures:				
Current -				
General government	\$ 2,968,948	\$ 3,336,143	\$ 2,846,844	\$ 489,299
Public safety	11,630,451	11,645,686	11,401,577	244,109
Culture and recreation	51,990	77,668	75,972	1,696
Capital outlay	458,243	369,984	82,725	287,259
Total expenditures	\$ 15,109,632	\$ 15,429,481	\$ 14,407,118	\$ 1,022,363
Excess (deficiency) of revenues over expenditures	\$ (8,432,062)	\$ (8,795,735)	\$ (7,966,538)	\$ 829,197
Other financing sources (uses):				
Transfers from other funds	\$ 9,434,418	\$ 9,434,418	\$ 8,802,210	\$ (632,208)
Transfers to other funds	(4,129,996)	(4,129,996)	(3,320,919)	809,077
Total other financing sources (uses)	\$ 5,304,422	\$ 5,304,422	\$ 5,481,291	\$ 176,869
Net change in fund balance	\$ (3,127,640)	\$ (3,491,313)	\$ (2,485,247)	\$ 1,006,066
Fund balance, beginning	7,009,745	7,009,745	7,731,251	721,506
Fund balance, ending	\$ 3,882,105	\$ 3,518,432	\$ 5,246,004	\$ 1,727,572

See Note to Budgetary Comparison Schedules.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
For the Year Ended October 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues.				
Taxes -				
Sales and use	\$ 8,285,000	\$ 8,285,000	\$ 9,132,180	\$ 847,180
Investment income	54,600	54,600	7,313	(47,287)
Total revenues	<u>\$ 8,339,600</u>	<u>\$ 8,339,600</u>	<u>\$ 9,139,493</u>	<u>\$ 799,893</u>
Expenditures				
Current -				
General government	<u>\$ 84,000</u>	<u>\$ 84,000</u>	<u>\$ 69,806</u>	<u>\$ 14,194</u>
Excess of revenues over expenditures	\$ 8,255,600	\$ 8,255,600	\$ 9,069,687	\$ 814,087
Other financing uses:				
Transfers to other funds	<u>(9,674,521)</u>	<u>(9,649,094)</u>	<u>(8,981,682)</u>	<u>667,412</u>
Net change in fund balance	\$ (1,418,921)	\$ (1,393,494)	\$ 88,005	\$ 1,481,499
Fund balance, beginning	<u>1,813,703</u>	<u>1,813,703</u>	<u>219,539</u>	<u>(1,594,164)</u>
Fund balance, ending	<u>\$ 394,782</u>	<u>\$ 420,209</u>	<u>\$ 307,544</u>	<u>\$ (112,665)</u>

See Note to Budgetary Comparison Schedules.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS FUND
For the Year Ended October 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Ad valorem	\$ 540,000	\$ 540,000	\$ 543,198	\$ 3,198
Intergovernmental -				
Federal	447,996	447,996	177,799	(270,197)
State	15,000	38,000	15,000	(23,000)
Charges for services	32,350	32,350	32,350	-
Miscellaneous	2,660	2,660	4,730	2,070
Total revenues	<u>\$ 1,038,006</u>	<u>\$ 1,061,006</u>	<u>\$ 773,077</u>	<u>\$ (287,929)</u>
Expenditures				
Current -				
Public Works	\$ 3,437,566	\$ 3,437,566	\$ 2,864,493	\$ 573,073
Capital outlay	398,459	421,459	237,384	184,075
Total expenditures	<u>\$ 3,836,025</u>	<u>\$ 3,859,025</u>	<u>\$ 3,101,877</u>	<u>\$ 757,148</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,798,019)</u>	<u>\$ (2,798,019)</u>	<u>\$ (2,328,800)</u>	<u>\$ 469,219</u>
Other financing sources.				
Transfers from other funds	\$ 2,882,382	\$ 2,882,382	\$ 2,376,424	\$ (505,958)
Proceeds from sale of assets	5,000	5,000	10,750	5,750
Total other financing sources	<u>\$ 2,887,382</u>	<u>\$ 2,887,382</u>	<u>\$ 2,387,174</u>	<u>\$ (500,208)</u>
Net change in fund balance	\$ 89,363	\$ 89,363	\$ 58,374	\$ (30,989)
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ 89,363</u>	<u>\$ 89,363</u>	<u>\$ 58,374</u>	<u>\$ (30,989)</u>

See Note to Budgetary Comparison Schedules

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GARBAGE FUND
For the Year Ended October 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes -				
Sales and use	\$ 3,314,000	\$ 3,314,000	\$ 3,652,872	\$ 338,872
Investment income	5,600	5,600	673	(4,927)
Miscellaneous	45,000	45,000	45,000	-
	<u>\$ 3,364,600</u>	<u>\$ 3,364,600</u>	<u>\$ 3,698,545</u>	<u>\$ 333,945</u>
Expenditures				
Current -				
General government	\$ 35,000	\$ 35,000	\$ 27,908	\$ 7,092
Public works	4,248,154	4,248,154	3,929,110	319,044
	<u>\$ 4,283,154</u>	<u>\$ 4,283,154</u>	<u>\$ 3,957,018</u>	<u>\$ 326,136</u>
Net change in fund balance	\$ (918,554)	\$ (918,554)	\$ (258,473)	\$ 660,081
Fund balance, beginning	(346,768)	(346,768)	(431,813)	(85,045)
Fund balance, ending	<u>\$ (1,265,322)</u>	<u>\$ (1,265,322)</u>	<u>\$ (690,286)</u>	<u>\$ 575,036</u>

See Note to Budgetary Comparison Schedules

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

City of New Iberia follows the procedures detailed below in adopting its budget.

1. At least 45 days prior to the beginning of each fiscal year, the Mayor is required to submit to the City Council a proposed budget in the form required by the Charter.
2. A public hearing is required to be conducted to obtain taxpayer comments and notice thereof is published in the official journal at least 10 days prior to such hearing. The notification is to include the time and place of the public hearing in addition to a general summary of the proposed budget.
3. Final adoption of the budget is required to be not later than October 31 of the fiscal year for the ensuing fiscal year.
4. Formal budgetary integration is employed as a management control device during the year for all funds. No payment can be made or obligated against any appropriation unless the Mayor or her designee first certifies that sufficient unencumbered funds are or will be available to meet the obligation when it becomes due and payable. In practice, this has generally been interpreted (due to the flexibility for intra departmental transfer of line item appropriations) to mean control at the departmental/fund level.
5. Those budgets which the City adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units
6. All appropriations, except for capital outlays, lapse at the close of the fiscal year to the extent that they have not been expended or encumbered. Appropriations for capital outlays lapse after completion of the project

All budgeted amounts presented reflect the original budget and the final budget (which have been adjusted for legally authorized revisions during the year).

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
October 31, 2012

ASSETS	Special Revenue		
	Section 8		
	Parks and Recreation	Housing Voucher Program	Disaster Relief
Cash	\$ 76,317	\$ 170,081	\$ 217,898
Certificates of deposit	-	-	557,909
Accounts receivable	-	274	-
Assessments receivable	-	-	-
Due from other funds	8,676	-	-
Due from other governmental agencies	-	-	12,750
Total assets	\$ 84,993	\$ 170,355	\$ 788,557
LIABILITIES AND FUND BALANCES			
Liabilities			
Overdraft	\$ -	\$ -	\$ -
Accounts and other payables	78,129	4,094	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governmental agencies	-	-	12,899
Deferred revenue	-	-	-
Total liabilities	\$ 78,129	\$ 4,094	\$ 12,899
Fund balances			
Restricted for -			
Construction of capital assets	\$ -	\$ -	\$ -
Use in accordance with tax ordinances	6,864	-	-
Purpose of grantors, trustees and donors	-	166,261	-
Debt service	-	-	-
Drainage	-	-	-
Assigned to -			
Disaster relief	-	-	775,658
Total fund balances	\$ 6,864	\$ 166,261	\$ 775,658
Total liabilities and fund balances	\$ 84,993	\$ 170,355	\$ 788,557

<u>Debt Service</u>					<u>Capital</u>
<u>Debt</u>	<u>Spanish Towne</u>	<u>Spanish Towne</u>	<u>2009 Sinking</u>	<u>2010 Sinking</u>	<u>Projects</u>
<u>Service</u>	<u>Paving</u>	<u>Sewerage</u>	<u>Fund</u>	<u>Fund</u>	<u>Construction</u>
	<u>Assessments</u>	<u>Assessments</u>			
\$ 65	\$ 12,160	\$ 3,630	\$ 367,695	\$ 527,162	\$ 1,792,972
-	-	-	-	-	-
-	-	-	-	-	-
-	292,500	40,500	-	-	-
36,487	-	-	-	-	-
-	-	-	-	-	16,666
<u>\$ 36,552</u>	<u>\$ 304,660</u>	<u>\$ 44,130</u>	<u>\$ 367,695</u>	<u>\$ 527,162</u>	<u>\$ 1,809,638</u>
					C
					O
					N
\$ -	\$ -	\$ -	\$ 366,695	\$ 521,162	\$ -
-	-	-	1,000	6,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	292,500	40,500	-	-	100,000
<u>\$ -</u>	<u>\$ 292,500</u>	<u>\$ 40,500</u>	<u>\$ 367,695</u>	<u>\$ 527,162</u>	<u>\$ 100,000</u>
					U
					E
					D
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,709,638
-	-	-	-	-	-
-	-	-	-	-	-
36,552	12,160	3,630	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,552</u>	<u>\$ 12,160</u>	<u>\$ 3,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709,638</u>
<u>\$ 36,552</u>	<u>\$ 304,660</u>	<u>\$ 44,130</u>	<u>\$ 367,695</u>	<u>\$ 527,162</u>	<u>\$ 1,809,638</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
October 31, 2012

ASSETS	Capital Projects		
	Drainage	2006 Street Program	2009 Bonds Street Construction
Cash	\$ 2,288,536	\$ 18,425	\$ 512,169
Certificates of deposit	-	-	-
Accounts receivable	-	-	-
Assessments receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental agencies	-	-	-
Total assets	\$ 2,288,536	\$ 18,425	\$ 512,169
LIABILITIES AND FUND BALANCES			
Liabilities			
Overdraft	\$ -	\$ -	\$ 3,000
Accounts and other payables	32,503	-	-
Retainage payable	12,691	-	-
Due to other funds	-	-	-
Due to other governmental agencies	-	-	-
Deferred revenue	-	-	-
Total liabilities	\$ 45,194	\$ -	\$ 3,000
Fund balances			
Restricted for -			
Construction of capital assets	\$ -	\$ 18,425	\$ 509,169
Use in accordance with tax ordinances	-	-	-
Purpose of grantors, trustees and donors	-	-	-
Debt service	-	-	-
Drainage	2,243,342	-	-
Assigned to -			
Disaster relief	-	-	-
Total fund balances	\$ 2,243,342	\$ 18,425	\$ 509,169
Total liabilities and fund balances	\$ 2,288,536	\$ 18,425	\$ 512,169

Capital Projects

2010 Bonds		
Street		
Construction	CDBG	Totals
\$ 2,500,641	\$ 56,908	\$ 8,544,659
-	-	557,909
-	4,045	4,319
-	-	333,000
-	-	45,163
-	267,818	297,234
<u>\$ 2,500,641</u>	<u>\$ 328,771</u>	<u>\$ 9,782,284</u>
\$ -	\$ -	\$ 890,857
109,507	211,317	442,550
107,431	74,657	194,779
-	280	280
-	-	12,899
-	-	433,000
<u>\$ 216,938</u>	<u>\$ 286,254</u>	<u>\$ 1,974,365</u>
\$ 2,283,703	\$ 42,517	\$ 4,563,452
-	-	6,864
-	-	166,261
-	-	52,342
-	-	2,243,342
-	-	775,658
<u>\$ 2,283,703</u>	<u>\$ 42,517</u>	<u>\$ 7,807,919</u>
<u>\$ 2,500,641</u>	<u>\$ 328,771</u>	<u>\$ 9,782,284</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended October 31, 2012

	Special Revenue		
	Parks and Recreation	Section 8 Housing Voucher Program	Disaster Relief
Revenues			
Taxes -			
Ad valorem	\$ 466,136	\$ -	\$ -
Intergovernmental -			
Federal	9,273	1,296,960	27,016
State	-	-	-
Local	-	-	-
Fees, charges, commissions	290,157	-	-
Investment income	-	1,867	3,262
Miscellaneous	20,151	2,996	-
Total revenues	\$ 785,717	\$ 1,301,823	\$ 30,278
Expenditures:			
Current -			
General government	\$ -	\$ -	\$ 30,069
Public works	-	-	-
Culture and recreation	1,857,594	-	-
Urban redevelopment and housing	-	1,327,954	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Capital outlay	24,461	1,802	-
Total expenditures	\$ 1,882,055	\$ 1,329,756	\$ 30,069
Excess (deficiency) of revenues over expenditures	\$ (1,096,338)	\$ (27,933)	\$ 209
Other financing sources (uses):			
Transfers from other funds	\$ 1,103,202	\$ -	\$ -
Transfers to other funds	-	-	(256,000)
Total other financing sources (uses)	\$ 1,103,202	\$ -	\$ (256,000)
Net change in fund balances	\$ 6,864	\$ (27,933)	\$ (255,791)
Fund balances, beginning	-	194,194	1,031,449
Fund balances, ending	\$ 6,864	\$ 166,261	\$ 775,658

Debt Service					Capital Projects
Debt Service	Spanish Towne Paving Assessments	Spanish Towne Sewerage Assessments	2009 Sinking Fund	2010 Sinking Fund	Construction
\$ 1,960,401	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	5,868
-	-	-	-	-	-
499	11,412	1,582	36	111	914
-	31,886	4,710	-	-	-
<u>\$ 1,960,900</u>	<u>\$ 43,298</u>	<u>\$ 6,292</u>	<u>\$ 36</u>	<u>\$ 111</u>	<u>\$ 6,782</u>
					C
					O
\$ 2,200	\$ -	\$ -	\$ 1,000	\$ 6,000	\$ -
-	-	-	-	-	26,528
-	-	-	-	-	-
-	-	-	-	-	-
					I
1,171,386	58,500	8,100	210,000	600,000	-
654,766	15,356	2,138	307,035	237,950	-
-	-	-	-	-	-
<u>\$ 1,828,352</u>	<u>\$ 73,856</u>	<u>\$ 10,238</u>	<u>\$ 518,035</u>	<u>\$ 843,950</u>	<u>\$ 26,528</u>
					U
					E
\$ 132,548	\$ (30,558)	\$ (3,946)	\$ (517,999)	\$ (843,839)	\$ (19,746)
					D
\$ 380,599	\$ 33,853	\$ 4,693	\$ 154,240	\$ 296,933	\$ -
(489,719)	-	-	-	-	-
<u>\$ (109,120)</u>	<u>\$ 33,853</u>	<u>\$ 4,693</u>	<u>\$ 154,240</u>	<u>\$ 296,933</u>	<u>\$ -</u>
\$ 23,428	\$ 3,295	\$ 747	\$ (363,759)	\$ (546,906)	\$ (19,746)
13,124	8,865	2,883	363,759	546,906	1,729,384
<u>\$ 36,552</u>	<u>\$ 12,160</u>	<u>\$ 3,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709,638</u>

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended October 31, 2012

	<u>Capital Projects</u>		
	<u>Drainage</u>	<u>2006 Street Program</u>	<u>2009 Bonds Street Construction</u>
Revenues			
Taxes -			
Ad valorem	\$ -	\$ -	\$ -
Intergovernmental -			
Federal	-	-	-
State	-	-	-
Local	1,025,011	-	-
Fees, charges, commissions	-	-	-
Investment income	1,774	46	130
Miscellaneous	350	-	-
Total revenues	<u>\$ 1,027,135</u>	<u>\$ 46</u>	<u>\$ 130</u>
Expenditures			
Current -			
General government	\$ -	\$ -	\$ 3,000
Public works	94,232	-	-
Culture and recreation	-	-	-
Urban redevelopment and housing	-	-	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Capital outlay	1,142,871	-	192,097
Total expenditures	<u>\$ 1,237,103</u>	<u>\$ -</u>	<u>\$ 195,097</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (209,968)</u>	<u>\$ 46</u>	<u>\$ (194,967)</u>
Other financing sources (uses):			
Transfers from other funds	\$ -	\$ -	\$ -
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (209,968)</u>	<u>\$ 46</u>	<u>\$ (194,967)</u>
Fund balances, beginning	<u>2,453,310</u>	<u>18,379</u>	<u>704,136</u>
Fund balances, ending	<u>\$ 2,243,342</u>	<u>\$ 18,425</u>	<u>\$ 509,169</u>

Capital Projects

2010 Bonds		
Street		
<u>Construction</u>	<u>CDBG</u>	<u>Totals</u>
\$ -	\$ -	\$ 2,426,537
-	849,368	2,182,617
-	-	5,868
-	-	1,025,011
-	-	290,157
727	-	22,360
-	-	60,093
<u>\$ 727</u>	<u>\$ 849,368</u>	<u>\$ 6,012,643</u>
\$ -	\$ -	\$ 42,269
-	865,065	985,825
-	-	1,857,594
-	103,039	1,430,993
-	-	2,047,986
-	-	1,217,245
<u>1,577,781</u>	<u>-</u>	<u>2,939,012</u>
<u>\$ 1,577,781</u>	<u>\$ 968,104</u>	<u>\$10,520,924</u>
<u>\$ (1,577,054)</u>	<u>\$ (118,736)</u>	<u>\$ (4,508,281)</u>
\$ -	\$ 161,253	\$ 2,134,773
-	-	(745,719)
<u>\$ -</u>	<u>\$ 161,253</u>	<u>\$ 1,389,054</u>
<u>\$ (1,577,054)</u>	<u>\$ 42,517</u>	<u>\$ (3,119,227)</u>
<u>3,860,757</u>	<u>-</u>	<u>10,927,146</u>
<u>\$ 2,283,703</u>	<u>\$ 42,517</u>	<u>\$ 7,807,919</u>

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COMPLIANCE AND OTHER GRANT INFORMATION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
of City of New Iberia
New Iberia, Louisiana

Partners

Frank A Stagno, CPA*
Scott J Broussard, CPA*
L. Charles Abshire, CPA*
P John Blanchet, III, CPA*
Martha B Wyatt, CPA*
Mary A Castillo, CPA*
Joey L Breaux, CPA*
Craig J Viator, CPA*
John L Istre, CPA*
Elizabeth J Morcau, CPA*
Lonnie J Hebert, CPA*
Robert M DeRouen, Jr CPA*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Iberia as of and for the year ended October 31, 2012, which collectively comprise the City of New Iberia's basic financial statements and have issued our report thereon dated April 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Directors

Jason P LeBlanc, CPA
Laurel L. Montagnet, CPA
Valeri A Grayson, CPA

Internal Control Over Financial Reporting

Management of the City of New Iberia, Louisiana, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of New Iberia's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of New Iberia's internal control over financial reporting.

Retired Partners

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Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wumberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Iberia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items #2012-1, 2012-2, 2012-3 and 2012-4.

The City of New Iberia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of New Iberia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Brennan, Pecher, Lewis & Brown, LLP

Lafayette, Louisiana
April 24, 2013



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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Trustees
of City of New Iberia
New Iberia, Louisiana

Partners

Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
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Terrel P. Dressel, CPA 2007
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Compliance

We have audited the City of New Iberia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of New Iberia's major federal programs for the year ended October 31, 2012. The City of New Iberia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of New Iberia's management. Our responsibility is to express an opinion on the City of New Iberia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of New Iberia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of New Iberia's compliance with those requirements.

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In our opinion, the City of New Iberia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2012

Internal Control Over Compliance

Management of the City of New Iberia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of New Iberia's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of New Iberia's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Lafayette, Louisiana
April 24, 2013

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended October 31, 2012

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

• Material weakness identified? Yes No

• Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance or other matters material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

• Material weaknesses identified? Yes No

• Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditors' report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number

Name of Federal Program

14 871

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? Yes No

Section II. Financial Statement Findings

#2012-1 Bid Law

Finding: When reviewing the bid documentation for the purchase of a piece of equipment, the specifications were written in such a manner that only a particular make and model of the equipment could meet the specifications.

Recommendation: In order to comply with State law, bid specifications should be broader in definition and not written in a manner that would exclude or restrict other suitable products from being submitted for potential award.

Management Response: The City will comply with State law regarding bid specifications.

#2012-2 Budgeted Deficits

Finding. Expenditures in excess of revenues and available fund balances were budgeted in the City's Garbage Fund for the year ended October 31, 2012. This is a violation of the State Budget Law. The original and final budgeted deficits were \$1,265,322. Furthermore, the Garbage Fund and Sewerage Fund ended the fiscal year with actual deficits in fund balance and unrestricted net assets of \$690,286 and \$1,505,486, respectively.

Recommendation: Deficits should not be budgeted and the City should comply with all aspects of the State Budget Law. Available fund balances should be used to balance budgets when expenditures are expected to exceed revenues. If there are no available fund balances and net assets to balance the budget in such a situation, then revenues and expenditures should be evaluated and increased or decreased as needed. Furthermore, the City should develop a plan to fund the deficit in the Garbage Fund and Sewerage Fund. Increasing revenues and cutting expenditures should be considered in developing the plan.

Management Response: The City will comply with all aspects of the State Budget Law. In November 2012, the City renegotiated existing garbage contracts to ensure that expenditures would not exceed revenues. Additionally, funds were transferred in to eliminate the deficit in the Garbage Fund. Regarding the Sewerage Fund, the City Council approved an ordinance in April 2013 providing for a 30% increase to sewer user charges for residential and commercial users of the City's sewer system.

#2012-3 Budget Violation

Finding: The Louisiana Local Government Budget Act requires governments to amend their budget when total actual revenues fail to meet budgeted revenues or actual expenditures exceed total budgeted expenditures by 5% or more. For the year ended October 31, 2012, actual revenues failed to meet final budgeted revenues in the Public Works Fund by 27%, which is a violation of the Louisiana Local Government Budget Act.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance

Management Response: The City will comply with the Louisiana Local Government Budget Act.

#2012-4 General Obligation Debt Service

Finding: During the 2012 fiscal year, the City levied 10 43 mills for debt service on general obligation debt. However, the 2001 tax proposition that authorized the tax restricted the assessment for payment for up to \$20,000,000 of general obligation bonds to facilitate repayment for a portion of the cost of constructing and improving sewers and sewerage disposal works. For the fiscal year ended October 31, 2012, principal and interest payments for qualifying debt services was \$1,338,140. The tax levied in 2011 was \$1,954,892, of which \$1,931,572 was recognized in the 2012 fiscal year.

Article VI, Section 33 of the Louisiana Constitution states: (B) Full Faith and Credit. The full faith and credit of a political subdivision is hereby pledged to the payment of general obligation bonds issued by it under this constitution or the statute or proceedings pursuant to which they are issued. The governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature.

Under the circumstances, the City assessed approximately \$617,000 more than it was authorized by the tax proposition in the 2012 fiscal year.

Recommendation: The City should roll back the millage to the amounts required for debt service on the qualified indebtedness stated in the tax proposition authorized by the voters.

Management Response: The City will roll back the millage to the amounts required for debt service on the qualified indebtedness stated in the tax proposition authorized by the voters.

Section III. Federal Award Findings and Questioned Costs

None reported

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended October 31, 2012

Section I. Internal Control and Compliance Material to the Financial Statements

#2011-1 Bank Reconciliations

Recommendation: Bank reconciliations should be prepared for all of the City's cash accounts each month and a member of management should review each to ensure that the bank balances are properly reconciled to the book balances. Unreconciled differences should be investigated immediately and necessary action taken. Also, activity for all cash accounts should be recorded monthly.

Current Status: This finding is considered resolved. Bank reconciliations are prepared and reviewed monthly for accuracy. Differences are investigated timely. Activity is recorded monthly.

#2011-2 Accounts Payable

Recommendation: Accounts payable listings should be generated monthly for each fund and reconciled to the general ledger accounts payable balances. Any differences should be investigated immediately. Also, employees entering invoices and payments should take care to enter them with the correct dates.

Current Status: This finding is considered resolved. Accounts payable balances are reconciled to the invoice detail. Differences are investigated timely. Care is exercised when entering invoice date information.

#2011-3 Budgeted Deficits

Recommendation: Deficits should not be budgeted and the City should comply with all aspects of the State Budget Law. Available fund balances should be used to balance budgets when expenditures are expected to exceed revenues. If there are no available fund balances to balance the budget in such a situation, then revenues and expenditures should be evaluated and increased or decreased as needed. Furthermore, the City should develop a plan to fund the deficit in the Garbage Fund. Increasing revenues and cutting expenditures should be considered in developing the plan.

Current Status: This finding has not been resolved. See finding #2012-2 in the Schedule of Findings and Questioned Costs.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable

Section III. Management Letter

There was no management letter in the prior year's audit report.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended October 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures	Amounts Provided to Subrecipients
DIRECT PROGRAMS:			
Delta Regional Authority - Delta Regional Development	90.200	\$ 2,928	\$ -
U.S. Department of Energy - Recovery Act - Energy Efficiency and Conservation Block Grant	81.128	62,700	-
U.S. Department of Housing and Urban Development - Section 8 Housing Choice Vouchers*	14.871	1,312,074	-
U.S. Environmental Protection Agency - Brownsfield Assessment and Cleanup Cooperative Endeavor Agreements	66.818	21,922	-
PASS-THROUGH PROGRAMS:			
U.S. Department of Homeland Security - Louisiana Department of Homeland Security: Hazard Mitigation Grant	97.039	27,016	-
U.S. Department of Housing and Urban Development - Local Housing Authorities: Section 8 Housing Choice Vouchers*	14.871	17,682	-
Louisiana Division of Administration: Community Development Block Grants - State's Program	14.228	849,368	-
Louisiana Office for Children and Family Services Emergency Shelter Grant	14.231	109	105
U.S. Department of Labor - Acadiana Works Local Workforce Investment Act	17.258	18,704	-
U.S. Federal Highway Administration - Louisiana Department of Transportation and Development: Transportation Enhancement Grants	20.205	<u>107,663</u>	<u>-</u>
Total Federal Awards		<u>\$ 2,420,166</u>	<u>\$ 105</u>

*Indicates a major federal award program.

CITY OF NEW IBERIA
NEW IBERIA, LOUISIANA

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of and For the Year Ended October 31, 2012

Note 1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of New Iberia and is presented on the modified accrual basis of accounting, which is described in Note 1 to financial statements of the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2. Relationship to Financial Statements

Federal awards revenues are reported in the City's financial statements as follows:

	<u>Federal Sources</u>
Major Governmental Funds:	
General Fund	\$ 24,958
Public Works Fund	177,799
Other Governmental Funds:	
Parks and Recreation Fund	9,273
Section 8 Housing Voucher Program Fund	1,296,960
Disaster Relief Fund	27,016
CDBG Fund	849,368
Major Proprietary Fund:	
Sewerage	<u>1,995</u>
	<u>\$2,387,369</u>

Note 3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Note 4. Major Federal Awards

The dollar amount threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.